

Initial Statement of Reasons

Title 13, Division 1, Chapter 1 Article 6 – Administration

The Department of Motor Vehicles (department) proposed to amend Section 423.00 in Article 6.0, Chapter 1, Division 1, of Title 13, California Code of Regulations, relating to the adjustment of departmental fees.

Vehicle Code sections 1678 and 1685 require the department to annually review and adjust a variety of department fees. The fees are to be adjusted in an amount equal to the increase in the California Consumer Price Index (CPI) for the prior year as calculated by the Department of Finance and will only be increased when the calculated amount equals or is greater than \$0.50 rounded to the next highest whole dollar. All of the fee adjustments provided in this proposed action are authorized under Vehicle Code section 1678.

In determining whether or not a fee will be adjusted, the department uses the Department of Finance CPI forecast and compares that to the CPI when the baseline of the fee was determined per the statute. That percentage increase is multiplied to the base fee to determine if the fee needs to be increased. These fees were selected for the annual adjustment because they are the only fees that increased by \$0.50 or greater and allowed us to round up to the next dollar.

The fees proposed in this regulatory action will be effective January 1, 2018.

PROBLEM THIS DEPARTMENT INTENDS TO ADDRESS

If the department does not amend its fees according to the CPI, it risks a loss in revenue that will impact the efficiency of its programs. Adjusting the fees accordingly, will ensure department programs continue to operate and will ensure that other agencies that rely on department fee collection, such as the California Highway Patrol, continues to operate as well.

BENEFITS ANTICIPATED FROM THIS REGULATORY ACTION

The Department of Motor Vehicles, as well as several other agencies, will continue programs that are administered through the collection of fees specified in this regulatory action. Specifically, the department anticipates nonmonetary benefits such as the protection of public health and safety through the continued fee collections that benefit departments such as the California Highway Patrol and local safety agencies, and maintaining openness and transparency in government by identifying fees in regulation. This adoption will ensure that the public is aware of all applicable fees prior to visiting a field office.

ALTERNATIVES CONSIDERED

No alternatives were considered as the department has statutory authority to increase fees according to the CPI.

The department adopted Section 423.00 in 2004 to establish fees for the 2005 calendar year. During that time, the department has made ten annual adjustments with each year given a new

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subsection. This practice has created a situation where Section 423.00 is not only lengthy, but also cumbersome for interested parties looking to find a current fee. For this reason, the department has determined it necessary to amend Section 423.00 in a way that makes it more manageable for future amendments and more user-friendly for applicants who are searching for a current fee.

§ 423.00. Fee Adjustment.

Subsection (b) is adopted to identify the effective date of the fees specified in subsections (b)(1) through (b)(17).

Subsection (b)(1) is adopted to identify the twenty-one dollar (\$21) fee for Vehicle Code sections 4604(b), 5014(f), 5036, 6700.25(e), 9102.5(a), 9102.5(c), 9252(a), 9254, 9258, 9261(a), 9261(b), 9261(c), 9261(d), 9265(a), 9265(b), 9702, 11515, 11515.2, 38121(b), 38232, 38255(a), 38255(b), 38255(c), 38260, 38265(a), for Revenue and Taxation Code section 10902(c), and for Code of Civil Procedure sections 488.385(b) and 488.385(c). This fee represents a one dollar increase to the twenty dollar fee that was adopted with OAL file number 2014-0911-04S for the 2015 calendar year under former subsection (a)(10)(A). The twenty-one dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2004 when the CPI equaled 190.1, as determined by the base year calculation of December 2003.

$$(265.3-190.1)/190.1= 39.55\% \text{ increase}$$

Increasing the revised base year fee of \$15 by 39.55% = \$20.93. This figure would round up to \$21 which is the newly adopted fee.

Subsection (b)(2) is adopted to identify the four dollar (\$4) fee for Vehicle Code section 1685(d). The four dollar fee was adopted with OAL file number 2008-0820-04S for the 2009 calendar year under former subsection (a)(5)(A). This fee will remain unchanged during 2018.

Subsection (b)(3) is adopted to identify the fifty-five dollar (\$55) fee for Vehicle Code section 9250, which is a new fee added through passage of Senate Bill 838 (Ch. 339; Stat. 2016). The fifty-five dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2017 when the CPI equaled 255.0, as determined by the base year calculation of December 2016.

$$(265.3-255.0)/255.0= 4.04\% \text{ increase}$$

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Increasing the revised base year fee of \$53 by 4.04% = \$55.14. This figure would round down to \$55 which is the newly adopted fee.

Subsection (b)(4) is adopted to identify four dollars (\$4) as the fee for Vehicle Code section 9250.8(a). The four dollar fee was adopted with OAL file number 2012-1121-03S for the 2013 calendar year under former subsection (a)(8)(I). This fee will remain unchanged for 2018.

Subsection (b)(5) is adopted to identify eight dollars (\$8) as the fee for Vehicle Code section 9250.8(b). The eight dollar fee was adopted with OAL file number 2012-1121-03S for the 2013 calendar year under former subsection (a)(8)(H). This fee will remain unchanged during 2018.

Subsection (b)(6) is adopted to identify twenty-one dollars (\$21) as the fee for Vehicle Code section 9250.13(a)(1). This fee represents a one dollar increase to the twenty dollar fee that was adopted with OAL file number 2013-1115-05S for the 2014 calendar year. The twenty-one dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2009 when the CPI equaled 225.0, as determined by the base year calculation of December 2008.

$$(265.3-225.0)/225.0= 17.91\% \text{ increase}$$

Increasing the revised base year fee of \$18 by 17.91% = \$21.22. This figure would round down to \$21 which is the newly adopted fee.

Subsection (b)(7) is adopted to identify eight dollars (\$8) as the fee for Vehicle Code section 9250.13(a)(2). The eight dollar fee was adopted with OAL file number 2012-1121-03S for the 2013 calendar year under former subsection (a)(8)(H). This fee will remain unchanged during 2018.

Subsection (b)(8) is adopted to identify thirty-five dollars (\$35) as the fee for Vehicle Code sections 14900(a) and 14900.1(a). This fee represents a two dollar increase to the thirty-three dollar fee that was adopted with OAL file number 2013-1115-05S for the 2014 calendar year. The thirty-five dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$30 by 15.05% = \$34.51. This figure would round up to \$35 which is the newly adopted fee.

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Subsection (b)(9) is adopted to identify seven dollars (\$7) as the fee for Vehicle Code sections 14900(b) and 14900.1(b). The seven dollar fee for these sections was adopted with OAL file number 2014-0911-04S for the 2015 calendar year under former subsection (a)(10)(B). This fee will remain unchanged during 2018.

Subsection (b)(10) is adopted to identify twenty-eight dollars (\$28) as the fee for Vehicle Code section 14901. This fee represents a one dollar increase to the twenty-seven dollar fee adopted with OAL file number 2013-1115-05S for the 2014 calendar year under former subsection (a)(9)(B). The twenty-eight dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$24 by 15.05% = \$27.61. This figure would round up to \$28 which is the newly adopted fee.

Subsection (b)(11) is adopted to identify thirty dollars (\$30) as the fee for Vehicle Code section 14902(a). This fee represents a one dollar increase to the twenty-nine dollar fee adopted with OAL file number 2015-1207-01SR for the 2016 calendar year under former subsection (a)(11)(B). The thirty dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$26 by 15.05% = \$29.91. This figure would round up to \$30 which is the newly adopted fee.

Subsection (b)(12) is adopted to identify eight dollars (\$8) as the fee for Vehicle Code section 14902(c). The eight dollar fee for this Vehicle Code section was adopted with OAL file number 2012-1121-03S for the 2013 calendar year under former subsection (a)(8)(H). The fee will remain unchanged during 2018.

Subsection (b)(13) is adopted to identify seventy-six dollars (\$76) as the fee for Vehicle Code section 15255.1(a). This fee represents a three dollar increase to the seventy-three dollar fee that was adopted with OAL file number 2015-1207-01 for the 2016 calendar year. The seventy-six dollar fee is calculated as follows:

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Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$66 by 15.05% = \$75.93. This figure would round up to \$76 which is the newly adopted fee.

Subsection (b)(14) is adopted to identify forty-five dollars (\$45) as the fee for Vehicle Code sections 15255.1(b) and (c). This fee represents a two dollar increase to the forty-three dollar fee that was adopted with OAL file number 2015-1207-01 for the 2016 calendar year. The forty-five dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$39 by 15.05% = \$44.87. This figure would round up to \$45 which is the newly adopted fee.

Subsection (b)(15) is adopted to identify thirty-five dollars (\$35) as the fee for Vehicle Code section 15255.1(d). This fee represents a two dollar increase to the thirty-three dollar fee that was adopted with OAL file number 2015-1207-01 for the 2016 calendar year. The thirty-five dollar fee is calculated as follows:

Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$30 by 15.05% = \$34.51. This figure would round up to \$35 which is the newly adopted fee.

Subsection (b)(16) is adopted to identify thirty-three dollars (\$33) as the fee for Vehicle Code section 15255.2. This fee represents a one dollar increase to the fee for this Vehicle Code section that was adopted with OAL file number 2105-1207-01SR for the 2016 calendar year under former subsection (a)(11)(E). The thirty-three dollar fee is calculated as follows:

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Calculation

The base year for the fee identified in this subsection was in 2010 when the CPI equaled 230.6, as determined by the base year calculation of December 2009.

$$(265.3-230.6)/230.6= 15.05\% \text{ increase}$$

Increasing the revised base year fee of \$29 by 15.05% = \$33.35. This figure would round down to \$33 which is the newly adopted fee.

Subsection (b)(17) is adopted to identify the fee of four dollars (\$4) as the fee for Vehicle Code sections 38225.4 and 38255.5. The four dollar fee for these Vehicle Code sections was adopted with OAL file number 2008-0820-04S for the 2009 calendar year under former subsection (a)(5)(A). The fee will remain unchanged during 2018.

Necessity: The identification and increase of these fees is necessary to ensure the continued operation of the programs funded by the collection of these fees.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

- Cost Or Savings To Any State Agency: None.
- Other Non-Discretionary Cost or Savings to Local Agencies: None.
- Costs or Savings in Federal Funding to the State: None.
- Cost Impact on Representative Private Persons or Businesses:
- Effect on Housing Costs: None.
- Local Agency/School District Mandates: The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.
- Small Business Impact: This proposed action may impact small businesses.
- Potential significant statewide adverse economic impact: The proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

DEPARTMENTAL DOCUMENTATION SUPPORTING GOVERNMENT CODE SECTIONS
11346.2(b)(3) THROUGH (b)(5)

- Studies, Reports or Documents - Government Code section 11346.2(b)(3): The department relied on the Chart of Impacted Fees – Calculation Based on December CPI, a copy of which will be made available in the department’s final rulemaking record.
- Reasonable Alternatives and Department’s Response – Government Code section 11346.2(b)(4)(A): No alternatives were presented that would be as effective.
- Reasonable Alternatives That Would Lessen Any Adverse Impact on Small Business – Government Code section 11346.2(b)(4)(B): No alternatives were presented that would lessen any adverse impact on small businesses.
- Evidence Supporting Determination of No Significant Adverse Economic Impact on Business – Government Code section 11346.2(b)(5): The department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The department is required by statute to adjust specific fees based on the California Consumer Price Index for the prior year, as calculated by the Department of Finance.

ECONOMIC IMPACT ASSESSMENT
(Government Code section 11346.3)

In considering this proposed regulatory action, the department has determined that this action will not result in,

- *Creation or elimination of jobs within the state*

This proposed action will neither create nor eliminate jobs within the state of California. While the increased fees impact driver’s license/identification card transactions and various registration transactions, the department does not anticipate the transactions will impact businesses in California.

- *Creation of new businesses or the elimination of existing businesses within the state*

While the increased fees impact driver’s license/identification card transactions and various registration transactions, however, these increases are unlikely to impact the creation of new businesses or the elimination of existing businesses in California.

- *Expansion of businesses currently doing business within the state*

While the increased fees impact driver’s license/identification card transactions and various registration transactions, however, these increases are unlikely to expand businesses currently doing business in California.

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- *Benefits to the health and welfare of California residents, worker safety or the state's environment*

This action will bring benefits to the welfare of California residents, worker safety and the state's environment as the fees increased by this regulatory action will ensure the continued operation of the programs that are generated through the collection of the fees. These programs include vehicle registration, transfers, special license plates, and specified driver license transactions.